



## INSPECTOR GENERAL REPORT

### ANNUAL REPORT 2012

This is the Annual Report for 2012. Later this year we will publish an addendum which includes statistics and comparisons for the previous eight years of the existence of the Office of the Indiana Inspector General. This report focuses on information from the year 2012. It is divided into our statutory duties.

### I LAW

Several pieces of legislation involving OIG activity were enacted in 2012.

These include the following:

Neptism revisions	IC 4-2-6 (P.L. 105-2012)	2012	Refined and relocated state government nepotism provisions to Code of Ethics in IC 4-2-6
Inspector General collection of Ethics Commission fines	IC 5-11 et al. (P.L. 136-2012)	2012	Authority given to Inspector General to collect Ethics Commission fines
SBOA financial loss audits reported to Inspector General	IC 5-11 et al. (P.L. 136-2012)	2012	Ratifying SBOA's current voluntary process, audit reports with financial losses required to be reported to Inspector General
Public Administration offenses recodified	IC 35-44.1 (P.L. 114-2012)	2012	Current public administration offenses recategorized by topic
IC 4 and IC 5 offense recodification	IC 35-44.2 (P.L. 126-2012)	2012	IC 4 and 5 offenses recodified to better organize and eliminate duplications
Indiana Horse Racing Commission adjudication	71 IAC 10	2012	Procedures for HRC adjudication modified

## II

### EDUCATION

In 2012, the sixth annual Legal and Ethics Conference, created and led by State Ethics Director Cynthia Carrasco, was held with the following speakers:

Hon. Lee Hamilton, US Congress, Retired  
Joe Hoage, JD, Public Access Counselor  
Jan Carroll, JD, Barnes & Thornburgh  
Kristi Shute, JD, OIG  
Courtney King, Indiana State Police  
State Ethics Commission (SEC) members:  
    Jim Clevenger, JD, SEC Chair  
    Priscilla Keith, JD, SEC  
    Bob Jamison, retired FBI, SEC  
    Daryl Yost, PhD, SEC  
    Peter Nugent, JD, SEC  
Tiffany Mulligan, JD, INDOT  
Rick Ruble, JD, Dept Labor  
Sabra Weliever, JD, Dept Health  
Jennifer Cooper, JD, OIG  
Hon. Mark Massa, Indiana Supreme Court  
Michael Witte, JD, Exec Dir Ind Disciplinary Comm  
Hon. Connie Lawson, Secretary of State  
Cathy Wolter, JD, IDLGF  
Jodie Woods, JD, Cities and Towns  
Todd Shumaker, JD, OIG  
Reid Schar, JD, AUSA (Gov Blagoyevich prosecutor)  
Hon. Mitchell E. Daniels, Jr., JD, Governor  
David Thomas, JD, Inspector General

The OIG in 2012 commenced its third wave of computerized ethics training for the 30,000 employees of the Indiana Executive Branch. This on-line module, created by State Ethics Director Cynthia Carrasco, was the first of its kind in Indiana government.



In addition to speeches by OIG staff to various groups in 2012, our website at [www.in.gov/ig](http://www.in.gov/ig) continued to be an educational tool for state employees and contractors. The Code of Ethics is displayed, along with practical examples for each rule, the State Ethics Commission opinions interpreting each rule, and an on-line form for employees to submit advisory requests.

### III ADVICE

In 2012, the number of advisory opinions continued at a healthy rate. Formal Advisory Opinions are issued by the State Ethics Commission and are the ultimate authority regarding the interpretation of the Code of Ethics. These opinions continue to be annotated by rule on the OIG website. The State Ethics Commissioners in 2012:

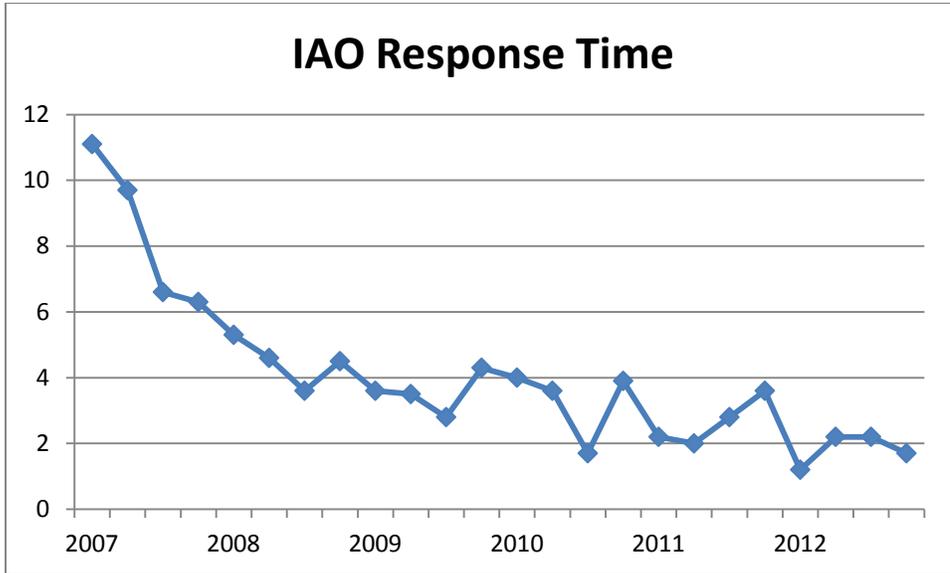
Jim Clevenger, JD, Chairman  
Priscilla Keith, JD  
Bob Jamison, Retired FBI  
Daryl Yost, PhD  
Peter Nugent, JD

The State Ethics Commission issued 19 Formal Advisory Opinions in 2012. The Indiana Supreme Court has recently stated that these interpretations are the exclusive authority in interpreting the Code of Ethics. The interpretations of the Code of Ethics in these opinions are relied upon in investigations and the issuance of Informal Advisory Opinions.

Each opinion requires substantial work. This includes the receipt of the request, legal research, a public hearing to receive evidence and arguments, and then the drafting and issuance of the formal advisory opinions which are then posted on the website.

Informal Advisory Opinions are written, confidential commitments by OIG staff attorneys regarding the application of the Code of Ethics. OIG staff attorneys issued 313 informal advisory opinions to state employees in 2012.

In 2012, the speed of response to requests for informal advisory opinions was decreased to less than 2 days:



## IV AUDIT

In 2012 we audited in several areas.

We assisted the State Personnel Department in their audit of health care benefits fraud for state employees throughout the state. 55 different investigations were conducted by OIG Special Agents to support these audits and were published on the OIG website.

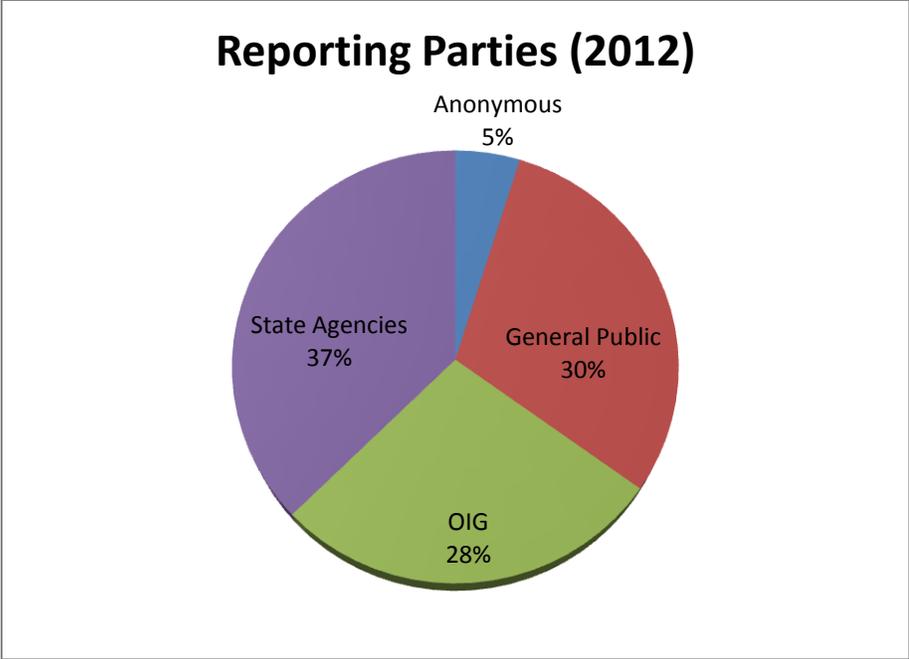
In 2012 we also continued our audits of American Recovery Reinvestment Act (ARRA) projects involving state agencies spending stimulus monies.

## V INVESTIGATIONS

OIG investigations have been conducted in all Indiana counties and several states.

The Reporting Party (RP) is the person who reports a case to the Inspector General Office and requests an investigation. The RP is important for many reasons. The 2012 data shows that the majority of cases investigated continue to be reported by the State agencies, themselves. We consider this to be a healthy relationship with the many State agencies and the OIG.

Of the 83 cases in 2012 which moved into investigation, the RPs for these cases were as follows:



## VI ENFORCEMENT

In 2012, the investigations of OIG Special Agents resulted in five criminal arrests.

Persons Charged	Case
1	IDOA Forgery (2010-11-0295)
1	IOT Computer Theft (2011-06-0203)
1	INDOT Fuel Theft (2011-12-0323)
1	ISP Criminal Activity (2012-01-0002)
1	DCS Contractor Fraud (2012-05-0104)
5	TOTAL

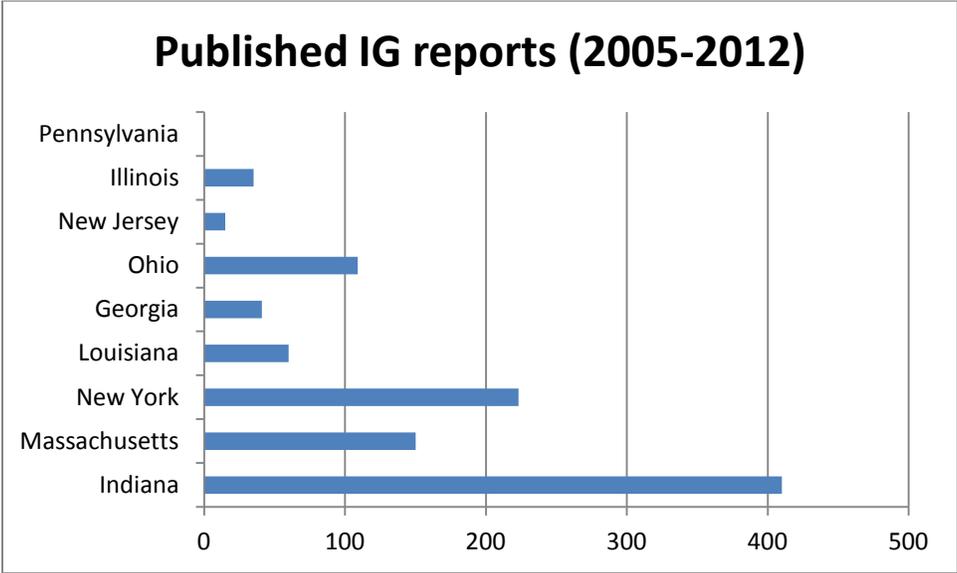
A breakdown of 2012 investigations between crimes charged, ethics complaints approved, and efficiency reports issued is as follows:

ACTION	RESULTS	EXPLANATION
Persons charged	5	Persons charged by Indiana Prosecutors in 2012
Ethics Adjudications	3	Cases submitted to Ethics Commission and probable cause found
Efficiency Reports	81	Cases resolved by efficiency reports

The Ethics Commission continues to exercise its authority granted in the 2005 Inspector General legislation to ban certain employees from future state employment. Six (6) employees were banned in 2012.

## VII REPORTING

Among the nation’s state inspectors general, the Indiana OIG in 2012 continued to publish more reports than any other. These numbers do not include the additional 303 written Informal Advisory Opinions issued by Indiana OIG staff attorneys in 2012 or the 19 Formal Advisory Opinions issued by the SEC.



## CONCLUSION

In closing, it is imperative that we thank all the many entities and individuals who contribute to our efforts. It has been our honor to have the opportunity to establish this new experiment in Indiana.